

Message Text

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PAGE 01 STATE 277124

64

ORIGIN ARA-10

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FM SECSTATE WASHDC

TO AMEMBASSY QUITO PRIORITY

INFO AMCONSUL GUAYAQUIL PRIORITY

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E.O. 11652: N/A

TAGS: BEXP, EC

SUBJECT:ROAD BUILDING EQUIPMENT PURCHASE FOR GOE PUBLIC

WORKS MINISTRY

REF: QUITO 8569

1. DEPARTMENT SHARES ENTHUSIASM OF POST IN DESIRE TO ASSIST GOE IN LARGE PURCHASE OF ROAD BUILDING EQUIPMENT. DESK HAS CHECKED WITH DOD, DOC, SEVERAL LARGE EQUIPMENT MANUFACTURERS AND FINDS THAT EVERYONE IS UNANIMOUS IN AGREEING THAT THIS ORDER SHOULD BE HANDLED THROUGH COMMERCIAL CHANNELS. THERE IS NO MECHANISM AVAILABLE WITHIN U.S. GOVERNMENT TO HANDLE CIVILIAN PURCHASES WHICH ARE NOT KEYED TO SOME NATURAL DISASTER OR SOME MILITARY-RELATED PRIORITY PURCHASE. AS CHARGE PROPERLY INFORMED PUBLIC WORKS MINISTER IN HIS MEETING ON DECEMBER 13, THIS PURCHASE CANNOT BE WORKED INTO A FMS CONTEXT.

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PAGE 02 STATE 277124

2. DEPARTMENT SUGGESTS THAT POST INFORM GENERAL PUMA THAT

MATTER WILL BE HANDLED AS PRIORITY GOVERNMENT TENDER WITH FULL COLLABORATION DEPARTMENTS OF STATE AND COMMERCE IN SECURING OFFERS FOR HIS MINISTRY. IT WILL BE USEFUL, AND INDEED NORMAL, THAT SOMEONE WITHIN THE MINISTRY BE NAMED AS PROJECT OFFICER FOR RECEIPT OF INFORMATION FROM PRIVATE COMPANIES AND TO PROVIDE COMPANIES WITH SPECIFICATIONS

NECESSARY TO MAKE INTELLIGENT OFFERS. WE BELIEVE THAT THIS SYSTEM WILL RESULT IN ECONOMIES FOR THE PUBLIC WORKS MINISTRY WITH PROBABLE GAIN IN TIME.

3. INFORMAL CONTACTS WITH MAJOR SUPPLIERS OF ROAD BUILDING EQUIPMENT INDICATE THAT BEST CONTACTS FOR SECURING GOOD PRICES AND REALISTIC DELIVERY SCHEDULES ARE THE RESIDENT AGENTS OF THE VARIOUS COMPANIES LOCATED IN GUAYAQUIL OR QUITO. CATERPILLAR, FOR EXAMPLE, ALWAYS QUOTES LIST PRICES IN INTERNATIONAL BIDS. THEIR LOCAL AGENTS, HOWEVER, CAN BE MORE FLEXIBLE IN ESTABLISHING PRICES. PIPELINES FOR MOST MANUFACTURERS ARE WELL-FILLED FOR 1975, ALTHOUGH SOME MANUFACTURERS WILL MAKE EFFORT TO PRODUCE SOME EARLIER DELIVERIES WITH FINAL DELIVERIES STRETCHED OUT OVER 1975 AND 1976.

4. DEPARTMENT IS AWARE OF RECENT FRUSTRATIONS ENCOUNTERED BY EMBASSY IN DEALING WITH AMERICAN MANUFACTURER OF MOTOR VEHICLES. NEVERTHELESS, WE BELIEVE THAT IT IS UNREALISTIC AND INEFFICIENT FOR GOE TO ATTEMPT TO CIRCUMVENT NORMAL COMMERCIAL CHANNELS. LOCAL AGENTS WILL HAVE TO BE INVOLVED IN EVENTUAL SUPPLY OF SERVICE AND SPAREPARTS. NO SINGLE MANUFACTURER PRODUCES ALL OF THE GOODS LISTED IN REFTEL AND ESTABLISHMENT OF A SINGLE "PACKAGE" OFFER WOULD INVOLVE COSTLY AND EXTRANEIOUS AGENT.

5. IF MINISTRY WILLING TO ACCEPT REDIRECTION OF SALE INTO COMMERCIAL CHANNELS AND CAN PROVIDE COORDINATION FOR INTERESTED YOMPANIES, WE CAN ASSURE PRIORITY HANDLING BY DEPARTMENT AND USDOC OF THIS VALUABLE TRADE OPPORTUNITY. PLEASE ADVISE. KISSINGER

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